

Executive Summary

The relicensing of the Saluda Hydroelectric Project (FERC No. 516) was undertaken and has been pursued in a spirit of cooperation to achieve the goal of reaching a balance between reasonable use and necessary protection of the many resources associated with the Project, power and non-power alike. Employing an enhanced Traditional Relicensing Process, South Carolina Electric & Gas Company (SCE&G) encouraged and actively pursued a high level of involvement from non-governmental organizations (NGO's), state and federal regulatory and resource agencies, and unaffiliated individuals. Public involvement in the process was informally initiated during issues identification workshops convened in the counties surrounding the Project in October of 2004. During these workshops SCE&G held open discussions on the potential issues associated with continued operation of Saluda Hydro. These forums allowed stakeholders the opportunity to interact with SCE&G staff and begin forging relationships essential to a cooperative approach to relicensing. On June 16, 2005 SCE&G initiated the formal relicensing process by convening the required Joint Agency and Public Meeting. This meeting provided an opportunity for SCE&G to unveil its highly enhanced traditional process and to begin formation of Resource Conservation Groups (RCG's) and Technical Working Committees (TWC's). The RCG's consist of larger, diverse groups of stakeholders with general knowledge of and interest in the Project. The TWC's are smaller groups, more technically focused and formed from among RCG members possessing special expertise and/or special interests regarding specific technical issues. A particular objective of TWC's was to recommend studies and develop study work scopes. Members of the RCG's and TWC's include State and federal agency representatives, county and other local government representatives, NGO's, lakeside homeowner group members, and non-affiliated individual property owners.

As outlined in Exhibit E, a number of studies have been performed to date in support of the relicensing process. As study results have been evaluated and quantified, the TWC's and RCG's have worked diligently to use the results of the studies as well as general information and frequent discussions to develop resolutions of identified issues. As of the filing of this final License Application, there remain a few unresolved issues. They will require additional work to reach closure. Hopefully, the resolution will take the form of a settlement. Nevertheless, a significant number of preliminary mitigative proposals have been developed and are incorporated into this final License Application. These proposals represent the culmination of many hours of stakeholder education, meetings, studies, and data review – all in the effort to

balance project needs. Finally there have been continuing, difficult, but ultimately fruitful negotiations. Over the course of the next year, RCG's and TWC's will continue work to develop a comprehensive settlement agreement with the goal of having it ready to file with the FERC by June 2009. It is the intent of SCE&G to structure any settlement agreement such that it will lend itself for ready use by the Commission in crafting license articles.

SCE&G has demonstrated its commitment to operating Saluda Hydro in a safe and secure manner by making significant investments in the Saluda Hydro Project. Completion of the Dam Remediation Project in 2005 resulted in investments of approximately 319 million dollars into the Saluda Hydroelectric Project. With the Remediation Project complete, SCE&G's proposed Project upgrades are designed entirely to extend the Project life. Additionally, the Protection Mitigation and Enhancement package currently being finalized with stakeholder groups further demonstrates SCE&G's commitment to managing the Saluda Hydro Project to meet the goals of effectively balancing the power and non-power needs outlined by FERC regulations. SCE&G asserts that this level of reinvestment back into the Saluda Hydroelectric Project, made entirely to protect public safety and with no economic benefit to it whatsoever, merits serious consideration by the Commission to set the term of the new license at 50 years.